

Napa County Project Cost Estimates

Item	Description	Quantity	Unit	Unit Price	Total Cost
1	Mobilization <i>1 Per Day</i>	1	EA	<i>7,500.00</i>	<i>7,500.00</i>
2	Test Hole Drilling	600	LF	<i>100.00</i>	<i>36,000.00</i>
3a	Blank Well Casing	780	LF	<i>10.00</i>	<i>7,800.00</i>
3b	Well Screen	120	LF	<i>20.00</i>	<i>2,400.00</i>
4	Gravel Envelope and Intermediate Seals	480	LF	<i>10.00</i>	<i>4,800.00</i>
5	Sanitary Seal	120	LF	<i>20.00</i>	<i>2,400.00</i>
6	Well Deveopement	5	EA	<i>580.00</i>	<i>3,400.00</i>
7a	Above Ground Completion	3	EA	<i>650.00</i>	<i>1,950.00</i>
7b	Flush Mount Completion	3	EA	<i>450.00</i>	<i>1,350.00</i>
8	Site Cleanup, Restoration, and Records	5	EA	<i>400.00</i>	<i>2,400.00</i>
9	Standby Time/Labor	12	HR	<i>200.00</i>	<i>2,400.00</i>
Bid Schedule Total:					<i>72,480.00</i>

Assumptions:

BID IS FOR PROPOSAL ONLY AT THIS TIME AND WILL BE USED FOR PLANNING PURPOSES. PROJECT WILL BE REBID TO ALLOW FOR ADJUSTMENTS IN PLAN AND COSTS BEFORE ACTUAL WORK BEGINS.

Sites are in Napa County

Six sites, each with one, dual completion MW

Each well will have a 50' and a 100' Piezometer

Each well will have a 20', 10.3 sack sanitary seal and a 5' intermediate benotite chip seal

There will be 3 surface mount and 3 above ground surface completions

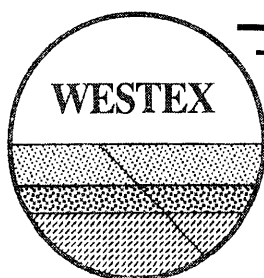
Each well will be developed to 5 ntu

Contractor will dispose of cuttings

Development fluid disposed of at site

Traffic control will be required at 3 sites

Continuous core from gs to td



WESTERN STRATA
EXPLORATION, INC.

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June 27, 2012

Luhdorff and Scalmanini
Scott Lewis, P.G.
500 First Street
Woodland, CA 95695

Proposal PO # 062712-06

Subject: Drilling Services in Napa, CA

Dear Scott Lewis,

Western Strata Exploration, Inc. (WESTEX) is pleased to submit this proposal for drilling services for the Napa County Project located in Napa, CA.

SCOPE OF WORK

Please Refer to Item Description. Six sites, each with one dual completion MW.

ITEM DESCRIPTION

EXT PRICE

Mobilization / Per Diem	Lump Sum	\$ 7,500.00
Test Hole Drilling	600 feet at \$ 100.00 per foot	\$ 36,000.00
Blank Well Casing	780 @ \$10.00 Each	\$ 7,800.00
Well Screen	120 @ \$20.00 Each	\$ 2,400.00
Gravel Envelope	480 @ \$10.00 Each	\$ 4,800.00
Sanitary Seal	120 @ \$20.00 Each	\$ 2,400.00
Well Development	6 Wells @ \$ 580.00 Each	\$ 3,480.00
Above Ground Completion	3 Wells @ \$650.00 Each	\$ 1,950.00
Flush Mount Completion	3 Wells @ \$450.00 Each	\$ 1,350.00
Site Cleanup, Restoration	6 @ \$ 400.00 Each	\$ 2,400.00
Standby Time / Labor	12 Hours @ \$ 200.00 Each	\$ 2,400.00
		\$ 72,480.00

This proposal is based on the information received on June 27, 2012, and is valid for 90 days. This cost proposal represents our best estimate for the tasks, as we understand them. The client will be responsible for obtaining any necessary permits, determining the borehole locations, and for the clearance of any possible underground utilities. WESTEX, Inc. will not be responsible for any damage done to any underground utilities. Additionally, WESTEX, Inc. is not responsible for disposal of any investigation derived waste (IDW). Proper disposal of all IDW is the responsibility of the client.

Terms are net 30 days, 1.5% interest per month will be added to any outstanding balances that exceed 30 days. Any legal or other costs incurred in collecting delinquent amounts shall be paid by client.

The drill rig operator will solely determine when the maximum capacity of the equipment has been reached. Should refusal, arise during the performance of drilling, the Contractor will stop and determine whether to continue. The Client shall pay for all the completed work at the rates quoted. If remedial action to achieve deeper penetration is requested by the Client, The Client shall pay Contractor for the actual time and expenses incurred to determine and perform remedial action and to continue drilling

The Contractor will take reasonable precautions to control damage to the property. The correction of any site damage, including subsurface damages, is not a part of this agreement.

The client shall obtain all necessary permits and access agreements necessary to complete work. Any Contractor costs associated with non-availability of the required permits shall be paid by the Client.

Client shall mark on the ground the exact location of all underground structures and utilities with the project site. It will be the responsibility of the Client to notify the utility locating service at least 48-hours prior to field activities, unless other arrangements have been made between Client and Contractor. Client shall have WESTEX, Inc's name added to the utility clearance number. The Client shall hold Contractor harmless against any and all costs, losses, damages or expenses, including legal expenses resulting from any damage to underground features or utilities.

The Contractor shall endeavor to perform services in accordance with generally and currently accepted drilling principles and practices. This warranty is in lieu of all other written warranties, either expressed or implied.

The Contractor shall have sole discretion with regard to quality and completeness of the final product. The Contractor shall not be responsible for the interpretation by others of the information obtained.

The Client will make full and complete disclosure to Contractor of all safety information, hazardous area, chemical and other dangerous materials used currently or in the past at the work site, to the extent such information is known to the Client prior to the commencement of site activities. Failure to make such notification will render the Client fully and completely liable for all damages or injuries suffered by Contractor or Contractors employees.

The Contractor represents and warrants that it and its employees are protected by workers compensation insurance and the Contractor has such coverage under public liability and property damage insurance policies.

The contractor shall not be liable for failure or delays in performance due to any reason beyond the direct control of the Contractor.

If boulders, flowing sands, caving or other adverse drilling conditions are encountered at the drilling location, our drilling rate could be affected. Should amount of footage or drilling conditions change, WESTEX reserves the right to renegotiate footage fees. When Contractor is drilling a Water Well if eight feet per hour is not accomplished the rate will then change to an hourly charge of \$330.00 per hour. Once the Contractor is forced to switch to an hourly charge due to drilling conditions there will also be a bit charge included in the invoice. Standby rate if necessary will be \$ 220.00 per hour for hollow stem auger drill rigs and \$330.00 per hour for air rotary drill rigs.

Any hours over ten (10) per day will be charged as overtime. This does include travel time. The overtime rate is 1-1/2 times the regular rig rental rate.

On behalf of WESTEX, we look forward to working with you on this project. If you have any questions, please feel free to contact me at (916) 744-1440.

Sincerely,

Western Strata Exploration, Inc.

ACCEPTANCE OF PROPOSAL

**Gordon D. Jensen, Jr.
General Manager**

Name of Company

GDJ/II

Signature

Print Your Name

Date